

27 January 1976

QUESTION: ADP-COST EFFECTIVENESS

What steps are being taken to assure good cost/effectiveness in IP&E and ADP use?

ANSWER:

A number of steps have been taken to assure good cost effectiveness in the use of ADP:

- A Headquarters Regulation, [REDACTED] Automatic Data Processing Management and Administration, has been published which defines the roles of various offices concerned with the establishment of ADP requirements and the review, approval and implementation of ADP systems to satisfy such requirements.

- A handbook, "Guidelines for the Preparation of Specifications, Selection and Acquisition of ADP Systems," has been published which describes the practices and procedures for ADP procurement that are necessary to comply with Federal Property Management Regulations published by GSA.

- ADP Control Officers have been established in each Directorate and Office as a focal point for the management of ADP matters.

- Feasibility studies and cost estimates are made for computer services requested of the central ADP service organization, the Office of Joint Computer Support, before actions are taken to implement such services.

- Monthly Project Activity Reports are produced to show each Office Director the cost of ADP services provided for his projects.

STATOTHR

- Towards the end of FY 1975 and early in FY 1976 OJCS negotiated the purchase of certain installed computer equipment and new computer systems which were to be installed in FY 1976 and FY 1977. These contracts provided significant savings over rental; permitted purchase of two IBM 370/168 computer systems at FY 1975 prices, avoiding an 8% price increase in FY 1976; allowed maximum utilization of special rental credits toward purchase of installed equipment; and enabled purchase payments to be spread over three to five fiscal years at annual costs that are less than rental.

It is estimated that these purchases will cost the Agency \$46 million through FY 1982 (including principal, interest and maintenance) but will save the Agency \$35 million during this period compared with rental.

QUESTION: INFLATION

What effect has inflation had on the Agency's operational capabilities?

ANSWER:

With specific reference to ADP operations, inflation has not limited our operational capabilities. We have purchased a number of computer systems and components with purchase plans that spread payments over three to five fiscal years at annual costs that are less than rental. Also, these purchases have protected us, to some extent, against future purchase price and rental increases due to inflation.